

Exhibit E

China two sessions: tightened regulation of 'chaotic' K-12 off-campus education market may spoil Big Tech's expansion

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March 11 (South China Morning Post) -- President Xi Jinping has described the domestic market for K-12 after-school education services as a 'social problem' China's top legislature has indicated that off-campus training services create problems for the country's education sector China's US\$110 billion K-12 off-campus education market, which has struggled during the coronavirus pandemic, is now bracing for a regulatory storm amid comments expressed by the country's leaders, lawmakers and advisers in the "two sessions", the country's biggest annual political gathering. President Xi Jinping described the domestic market for K-12 - referring to kindergarten to 12th grade - after-school training services as a "social problem" in a meeting last week of the Chinese People's Political Consultative Conference (CPPCC). "It can't be solved by the education authority alone, and all social aspects and related departments should make joint efforts to study and solve it," Xi said in comments published by official media. Get the latest insights and analysis from our Global Impact newsletter on the big stories originating in China. While it remains unclear exactly how regulations are going to be rolled out, the message from the National People's Congress (NPC), China's top legislature, indicated that off-campus training services are "chaotic" and create problems for the country's education sector. Typically, primary school pupils take extracurricular tutoring on top of their studies on campus to perform well in examinations. The prospects of tightened regulation could bring uncertainty to the market and the plans of Chinese Big Tech companies to expand operations in the education sector. Tech unicorn ByteDance, owner of short video-sharing apps TikTok and Douyin, recently announced its intention to recruit some 13,000 new employees for its growing Dali education business. Big Tech's vast resources are expected to help them continue their expansion into education. "The internet giants won't give up their education initiatives," said Claudia Wang, a partner at management consulting firm Oliver Wyman, said on Thursday. "Most of them have businesses in the education sector that are aligned with government initiatives to improve access to quality education via different channels. They are also equipped with strong capital to be compliant with government regulation." A number of big players in the market, including TAL Education Group and New Oriental Education & Technology Group, have become listed companies on the back of domestic demand. Still, about 90 per cent of the estimated 1 million off-campus education providers in China are small enterprises that train fewer than 1,000 students a year, according to a report published last year by Oliver Wyman, in collaboration with China's National Institute of Education Sciences and TAL. Problems associated with China's K-12 off-campus education services market include unqualified teachers as well as fly-

by- night providers. Private tutoring company Yousheng Education, for example, closed last year and was unable to refund paid-in tuition, which led to rare street protests in Beijing. Dozens of NPC and CPPCC delegates have been vocal about the need to strengthen spot inspections of K-12 off-campus education providers and punish those found guilty of false advertising. Zhu Yongxin, a CPPCC member, suggested that advertising by these providers should be curbed, while fellow delegate Chen Zhongyi suggested a permanent ban on all off- campus tutoring services. Hit by pandemic, China's after-school education market embraces doing business online Delegate Michael Yu Minhong, the founder and chairman of Beijing-based New Oriental Education, did not publicly defend the off-campus tutoring market. Instead, he suggested that China can use artificial intelligence to help English education in rural areas. Tightened regulation is expected to wipe out smaller providers in the market and raise the threshold for compliance. "This would benefit medium-sized and large institutions that have also started to run their own private schools in accordance with the law," said Xu Fanlei, vice-general manager of Shanghai-based consultancy iResearch. "The market concentration [of these larger providers] is expected to further increase." Xu indicated that companies like ByteDance, which generates revenue from online education companies that advertise on its news aggregator platform Jinri Toutiao and short video app Douyin, may raise the standards for such promotional activities. China's K-12 off-campus education market is forecast to reach 730 billion yuan (US\$112 billion) this year, up from 400 billion yuan in 2020 when demand slowed because of the Covid-19 outbreak. In Beijing, where K-12 off-campus tutoring classes are ubiquitous, a crackdown has already started. The education authority of Chaoyang district issued a notice directing all off-campus education classes to close, according to a report by Beijing News on Thursday. It also said the capital's Haidian district last week conducted a blanket inspection of off-campus training institutions to prevent "illegal class reopening". ByteDance moves on from smartphones to devices for education sector "With more districts in Beijing suspending operations of off-campus training institutions, the unmet demand could lead some users to switch to online options," said Chen Liteng, an online education analyst at Hangzhou-based consultancy China E- commerce Research Centre. He expected fast-growing online education companies in Beijing, such as Yuanfudao, Zuoyebang, and VipKid, to initially benefit from tightened market regulations. The prospects of tightened regulation in the market have also stirred discussions in China's social media, with some online users even suggesting how K-12 off-campus tutoring classes can skirt around restrictions. "You can change K-12 training to adult training, but allow the adult trainee to bring one kid to the class," according to one suggestion circulating on WeChat. Copyright © South China Morning Post Publishers Ltd. All rights reserved. Reprinted with permission from South China Morning Post Publishers Ltd. Any redistribution of this information without prior written approval is strictly prohibited. For reprint permission, please contact us at +852 2680 8180 or reprint@scmp.com. -0- Mar/11/2021 16:40 GMT